

**CDBG Policy Board Retreat
June 27, 2001**

Motion: Bryce Nielson – Second, Demar Mitchell
Approve Feb 2001 Meeting Minutes
Motion carried

Motion: Demar Mitchell – Second, Bryce Nielson
Accept 2001-2002 CDBG Schedule
Motion carried

Motion: Demar Mitchell – Second, Bryce Nielson
Accept all changes/revisions to Application Guide as
outlined in handout.
Motion carried
Asked staff to make one more change to appl guide. "Applications are
due to AOG by December 7, 2001."

Motion: Bryce Nielson – Second, Lorna Stradinger
Approve option #3 regarding the Fillmore 108 loan
repayment. Option #3 – each region agrees
to repay a portion of the interest in proportion
to their population and CDBG allocation.
Motion carried

Motion: Lorna Stradinger – Second, Bryce Nielson
The Board will revisit Section 108 loans and establish
language that requires that the regions be responsible
to pay back defaulted loans. It will not be the responsibility
of the regions, via the CDBG Policy Board.
Motion carried

Motion: Lorna Stradinger – Second, Demar Mitchell
Accept the 1% T.A. set-aside.
Motion carried

Motion: Bryce Nielson – Second, Demar Mitchell
Encourage CDBG staff to make more dollars available
for the Rating and Ranking contracts. All AOG's will get
a base of \$6,000 & more if justified and if funds are available.
Motion carried

Motion: Bryce Nielson – Second, Lorna Stradinger
Postpone discussion of State set-aside for down payment
Assistance until 8/22/01 Policy Board Meeting.
Motion carried

Motion: Bryce Nielson – Second, Jerry McNeeley
Establish a policy that limits loan proposals to no more than
1 year.
Motion carried

Motion: Bryce Nielson – Second, Jerry McNeeley
Approve loan to Wasatch County for \$783,000 for 0% for 1 year
with irrevocable letter of credit with Zions Bank
Lorna – No, Jerry – Yes, Chesley – Yes, Bryce – Yes, Demar – No.
Motion carried

Board also recommends that staff and board meet with Robyn Pearson
and the Wasatch County Commissioners on August 22nd to discuss the \$783,000 loan.

CDBG Policy Board Retreat
June 28-29th, 2001
Fish Lake, UT

Minutes

Present:	Chesley Christensen, Mayor	Six County AOG
	Lorna Stradinger , Commissioner	UBAG
	A. DeMar Mitchell, Mayor	WFRC
	Bryce Neilson, Commissioner	BRAG
	Jerry McNeeley, Councilman	SEUALG
	Lane Nielson	WFRC
	Sheila Peterson	DCED
	Glenna Matekel	DCED
	Keith Heaton	DCED
	Kerry Bate	DCED
	Richard Walker	DCED
	Art Peterson	DCED
	Pat Maltsberger	DCED
	Cheryl Elliott	DCED
	Pauline Zvonkovic	HUD
	Julie Fagan	HUD
	Steve Browne	Mountainland AOG
	Ken Sizemore	Five County AOG
	Kelari Kellar	UBAG
	Laurie Brummond	UBAG
	Jeff Gilbert	BRAG
	Debbie Hatt	SEUALG
	Shirleen Lowry	Six County AOG
	Shelli Goble	DCED
Absent:	Howard Pryor, Mayor	Five County AOG
	Jeanine Cook, Mayor	Mountainland AOG

WELCOME AND INTRODUCTIONS: Meeting began at 9:00am. Chesley Christensen, Chairman, welcomed everyone and asked for introductions. Kerry Bate, DCED Community Development Director thanked all elected officials, HUD reps, AOG Reps and State Staff for their time and commitment to the CDBG program.

HUD UPDATE: Julie Fagan brought copies of HUD's 2002 budget and outlined the major points. The new budget emphasizes home ownership. She outlined the following highlights:

- American Dream Down Payment Fund - \$200,000,000 within HOME Program to match down payment assistance. (3 to 1 match) Goal is to assist 130,000 households.
- Section 8 – Opened up for homeownership. Up to 12 months of rental subsidies to be applied to down payment. HUD will renew all vouchers and is asking for an additional 34,000
- HUD is coming out with hybrid Adjustable Rate Mortgages.

- Congress is calling for elimination of \$400 million in set-asides and the Rural Development program.
- Congress is pushing for consolidation of programs, reduction of staffing needs, management reforms.

APPROVAL OF MINUTES: Mayor Christensen asked for approval of the minutes from the February 2001 meeting.

Motion: Bryce Nielson made a motion to approve the minutes; Demar Mitchell seconded the motion. Motion carried.

NATIONAL CDBG WEEK: Glenna Matekel reviewed the National CDBG Week. This year we focused on the BRAG region and Box Elder County. DCED staff and guests visited the Lincoln Center in Brigham City, the Bear River Community Center, Brittany Greens apartments, and the Box Elder Commons projects. She also talked about the 72 hour home “blitz build” that the CDBG, Weatherization and Housing staff are planning for next spring for CDBG Week.

CDBG PROGRAM OVERVIEW: Sheila Peterson facilitated a discussion of the CDBG program; its bylaws, the role of the Policy Board, communication issues, coordination, policy development and promotion.

1. Review of bylaws: The major intent of the program is to benefit low and moderate income persons. Low to moderate-income persons are those whose income is less than 80% of the state median income guidelines. There are also groups that are presumed to be LMI, such as senior citizens and illiterate adults.
2. Main Role of Policy Board: 1) serve as a communication link; 2) ensure consistency in the development of policy throughout the State; 3) set policy; 4) educate/train cities/towns/ legislators and counties; 5) approve Application Guide and the Consolidated Plan; 6) approve loans.
3. How to have effective communication: 1) Policy Board needs to coordinate with the AOG staff and relay information at town/county meetings; 2) projects need to be publicized better in the press; 3) CDBG staff will send copies of CD newsletters and publications to board members; 4) Policy Board members should attend the COSCDA meetings. (The CDBG program will pick up the cost for two members to go.)
4. Coordination with Consolidation Plan: Approved projects need to be in line with each region's priorities and be consistent.
5. Policy Development: Policy Board needs to be familiar with the Application Guide and Consolidation Plan.
6. Promotion to Public and Legislature: Invite targeted population recipients, non-profits, housing authorities, and elected officials to the How to Apply Workshops. There needs to be more public participation via public hearings.

Bryce Nielson expressed his frustration over the large number of independent non-profits in the BRAG region and the difficulty in sorting out those programs that are duplications. It is difficult to coordinate all non-profits to best serve the area.

Steve Browne commented that more and more applicants are asking for money just to sustain their programs. They expect funding year after year.

Richard Walker suggested that the AOGs force a dialog between agencies about duplication and better coordination of programs by including the requirements in the Consolidated Plan.

SCHEDULE FOR PROGRAM YEAR 2002-03: Keith Heaton reviewed the schedule. Mayor Christensen asked for a motion to approve the schedule.

Motion: Demar Mitchell made a motion to approve the schedule; Bryce Nielson seconded it. Motion carried.

CHANGES/REVISIONS TO 2002-03 APPLICATION GUIDE – **Sheila Peterson** discussed proposed changes to the application guide and passed out copies of the changes to everyone. Discussion included the following:

- In Chapter 4, eligible grant applicants who agree to sponsor non-eligible folks need to remember that they need to comply with all laws. **Jeff Gilbert** made a suggestion that the AOG's contact all non-profits and tell them to get sponsorship from an eligible city before they come to the "How to Apply Workshops". **Ken Sizemore** added that the sponsors should be invited to the workshops.
- Appendix E – LMI Survey instruction: There was discussion of survey types and **Lane Nielson** remarked that there are logistical problems with surveying 100% of each occupant of a large site specific project.

Motion: Demar Mitchell made a motion to accept all changes/revisions to Application Guide as outlined in the handout. Asked CDBG staff to make one more change to Application Guide. "Application are due to the AOG's by December 7, 2001. Bryce Nielson seconded the motion. Motion carried.

FILLMORE CITY 108 UPDATE: **Richard Walker** read letters sent by the UBAG and Six County AOG offices detailing their positions relative to assisting Millard Co. with the repayment of this defaulted loan. Richard had proposed 3 options to the Policy Board Members, if they agreed to provide financial assistance. These options include:

1. Paying the Principle, dividing it into seven equal payments
2. Paying the interest, dividing it into seven equal payments
3. Paying the interest, dividing it proportionally among all seven AOG's based on population. This amount would be smaller each year until the total principle due would be satisfied in the year 2008.

Motion: Bryce Nielson made a motion to approve option #3. Each region agreed to repay a portion of the interest in proportion to their population and CDBG allocation. Lorna Stradinger seconded the motion. Motion carried.

Motion: Lorna Stradinger made a motion that the Board revisit Section 108 loans and establish language that requires the region in which a loan is made to be responsible to pay it back if the loan goes into default. Loan repayment will not be the responsibility of all the regions via the CDBG Polity Board. Bryce Nielson seconded the motion. Motion carried.

1% TECHNICAL ASSISTANCE SET-ASIDE: Richard Walker explained that the Federal statute allows the State to set aside 1% of it's annual allocation to be used for applications to help LMI persons more effectively access the CDBG program. It allows applicants to simplify the application process because they don't have to apply competitively. This year, one percent would equal approximately \$80,000 to be divided between the seven regions. Each region would submit a scope of work outlining how they would like to spend it. This money would not be counted as part of the 20% planning/administration expense cap. Richard's proposal was that the Board make this 1% Technical Assistance set-aside a permanent set-aside at this point in time.

Motion: Lorna Stradinger made a motion to accept the 1% Technical Assistance Set-aside at the state level. Demar Mitchell seconded it. Motion carried.

PREPARATION OF NEW RATING AND RANKING PROCESS- Richard Walker led a discussion about the preparation of the new rating and ranking process. There needs to be a better explanation of subjective criteria involved in the rating and ranking process. Each region needs to submit their new rating and ranking process to the State by August 9th so they can be included in the Application Guide.

\$6,000 RATING AND RANKING CONTRACTS: Richard Walker explained that the \$6000 contracts provided to each AOG annually, come from the State's Administration allocation (\$100,000 + 2% of State HUD Allocation). Administration funds are made available to assist the AOG's with their rating and ranking processes because the HUD program money cannot be used for rating and ranking purposes. Some of the activities that these specific contracts can be used to fund include: costs associated with How to Apply Workshops, processing contracts after they come in, staff review of contracts, travel costs to visit sites, board member expense to attend rating and ranking meetings. There was discussion between the board members about whether or not the \$6000 was enough for their region. A survey of the AOG staff resulted in the following information:

- SEUALG \$6000 is adequate
- SCAOG \$6000 is adequate
- FCAOG Depends on number of applicants
- UBAG \$6000 is adequate
- WRFC \$16,000 would be needed
- BRAG \$8,000 - \$9,000 would be enough
- MAG Depends on number of applicants

Motion: Bryce Nielson made a motion to encourage CDBG staff to make more dollars available for the Rating and Ranking contracts. All AOG's will get a base of \$6,000 & more if justified and if funds are available. Demar Mitchell seconded the motion. Motion carried.

CONTINUUM OF CARE UPDATE: Richard Walker described the continuum of care concept. It is the process of taking a homeless person and getting them connected up to supportive services, i.e. getting them a place to live, getting them into some training programs, getting them properly employed, increasing their income, helping them move into permanent rental housing, and ultimately into long term employment and home ownership. It is a part of the Consolidated Plan. The State submitted an application in May to HUD. Bill Crimm, Utah Issues, completed the application. If approved, it will allow us to implement the 1st year plan and give us an edge for subsequent years. Pauline Zvonkovic said that we will know if we are approved by December 2001. As we move forward, the updated plan for next year will include filling the gaps that need to be addressed in the years to come.

CONSOLIDATED PLANNING PROCESS: Due on December 31, 2001. Each region should submit an entirely new economic development component with related capital investments as their primary submittal for the Consolidated Plan. **Richard Walker** said that each plan needs to include the following:

- Economic development and capital investment plan
- Continuum of Care Update
- Completion of Affirmatively Furthering Fair Housing Plan
- 1 yr Action Plan
- Analysis of Revolving Loan Funds and Plans for the future

There was discussion of the 2000 Census and when the new data will be available. It would be helpful to have the new numbers before the regions prepare their plans. HUD is expecting income/housing data soon, which they will make available.

CIRCUIT RIDER, PLANNING, AFFORDABLE HOUSING: **Richard Walker** said that the State has provided some assistance over the past few years to help regions prepare affordable housing plans. Most of the communities have completed the requirement, however the many of the smallest communities have not started to prepare their plans. It is likely that no funds will be available to assistance with this process this year because state revenues are lower than expected. However, ongoing technical assistance resources need to be available to these smaller communities to help them complete their affordable housing plans. Richard reminded the AOG's that CDBG funds can be used for that purpose and urged them to build this type of technical assistance into their scopes of work.

LEGISLATIVE CONTACTS BY BOARD MEMBERS: **Richard Walker** explained that there was a delay in getting our funding award letter this year. This delay resulted in an even more serious delay getting contracts out to grantees. Ordinarily, the State receives this information by mid-April. This year we weren't notified until the end of June. The HUD process is to notify Utah's congressmen before they officially release the new allocation to the State, but there was some confusion this year with the change in the administration. In the future, Julie Fagan has promised to follow up on the award's timely progress if there is any delay.

FIRST TIME HOME BUYERS POTENTIAL SET-ASIDE: **Richard Walker** outlined the proposal to establish a set-aside for down payment assistance to first time homebuyers. Typically, this money would be loaned, not granted to applicants. Each homebuyer applicant would get between \$2000-\$3000. There is a need for this money and type of program. Richard asked for input from Board members. Some Olene Walker Housing Trust Fund (State money) is already being used for this type of assistance. Bryce Nielson asked for more information about what each of the regions is doing now before implementing anything new.

Motion: Bryce Nielson made a motion to postpone discussion of State set-aside for down payment assistance until 8/22/01 Policy Board Meeting. Lorna Stradinger seconded the motion. Motion carried.

LEAD BASED PAINT IMPLEMENTATION SET-ASIDE: **Sheila Peterson** reminded everyone that last year the Board approved a \$300,000 one time set-aside from the 2001-02 allocation to implement the new HUD Lead Based Paint regulations. HUD has offered 600 free one-day LBP training classes across the country. Very few contractors and their employees in Utah have signed up for the classes. But the availability of these free classes eliminates the need to use the LBP Implementation Funds for this purpose. Sheila suggested that these funds could be used to pick up the additional costs of LBP testing, inspecting, etc., so that the homeowner, who is already financially strapped, doesn't have to pay for these additional LBP costs of top of the original repairs. Examples of activities include risk assessing, clearance testing, and paint testing. Debbie Hatt voiced her region's concerns about liability. What liability does a contractor have when doing LBP work? Most

contractors in the SEUALG don't want the hassle of working with LBP. They are very leery of the liability issues. Sheila replied that after a clearance test has been signed off on, certifying that a house meets HUD lead clearance levels, it is unlikely that a judge would come back on the contractor that did the work. The contractors assume that this issue is limited to work done on HUD funded projects. Pauline pointed out that this is an OSHA regulation, not just a HUD issue. The contractors need to realize that if they are not using safe work practices, they are not leaving the problem behind. They may even potentially be bringing the problem into their home and exposing their own families to lead. Richard reiterated the point that if contractors document their efforts, they significantly reduce the possibility of any liability.

EXPLANATION OF INTERIM LOANS/UPDATE OF PROPOSED LOANS- Keith Heaton outlined the status of and requests for Interim Loans:

- Duchesne County - \$2.4 million. The hospital is on track
- Sento Corp - \$337,500 Project is dead
- Neighborhood Non-Profit Housing Services - \$151,000 Unable to secure letter of credit
- Butler Building - \$75,000 No longer pursuing a loan at this time.

Motion: Bryce Nielson made a motion that the Policy Board establish a policy that limits consideration of loan proposals to no more than one year after they have been proposed if no further activity is taken by the loan applicant. Jerry McNeeley seconded the motion. Motion carried.

- Moxtek - \$800,000 The originally proposed deal has fallen through. Robyn Pearson, Economic Development Director – Wasatch County, outlined the history of the plan for Moxtek Co. to expand their operation into the Heber Valley. Wasatch Co had located a building for them to purchase, but now Moxtek has decided to stay in Orem instead. Robyn made a proposal to the Board. He asked the Board to approve the county purchasing the building even though Moxtek is not coming into Heber. Wasatch County is now in a bind because they've already entered into arrangements with Bear Creek Country Kitchens, the owner of the building, to move out and sell the building to the county. Bear Creek could sue Wasatch County if they don't follow through with the purchase. Robyn explained that there are other potential businesses that could use the building and satisfy the goal of economic development. The county would like to have some time to make that happen. A lengthy discussion about the pros and cons of loaning the money ensued. The Board was concerned about the liability it would face if the loan defaulted. Richard pointed out that with the letter of credit the county had already received from Zion's Bank, the Board wouldn't face any liability and that the letter of credit could be called in at any time. His opinion was that although the State has no obligation to Wasatch County, allowing them the opportunity and time to attempt to secure another viable business for the Bear Creek building was an acceptable use of the interim loan funds. However, Keith stated that the CDBG policy does not fund speculative projects, but this project is different in that we have a letter of credit guaranteeing the loan. Sheila felt that the Board should allow for some discretion for this loan, though speculative in nature, because there is no risk to the State. Richard clarified that the only policy in place regarding speculative projects, relates to grants, not to interim loans.

Motion: Bryce Nielson made a motion to approve the loan to Wasatch County for \$783,000 for 0% interest for 1 year with an irrevocable Letter of Credit with Zions Bank. Jerry McNeeley seconded it. The vote was as follows: Lorna – No, Jerry – Yes, Chesley – Yes, Bryce – Yes, Demar – No. Motion carried.

Lorna Stradinger added these comments for the record: Wasatch County's emergency puts the Board in a bad situation. Approving this project goes against the Board's Policy of not funding speculative projects. The

Board needs more time to discuss all the issues and is, instead, being forced to make a decision too quickly, under too much pressure.

The Board also recommended that Robyn Pearson and Wasatch County Commissioners be requested to attend the Policy Board meeting on August 22, 2001 to discuss the status of the \$783,000 loan. The Board can review Wasatch County's progress, including calling in the letter of credit if they decide that progress is not satisfactory.

COORDINATION OF CDBG AND USDA FUNDS FOR ASSISTANCE; Keith Heaton explained that nine-twelve months ago, the Board discussed the possibility of Rural Development Agency being the guarantor of our Section 108 loans instead of the CDBG Policy Board. He reported that at this time, RDA will not guarantee Section 108 loans because we do not have a history of loan portfolio management. Since we just passed a motion stipulating that each region is responsible to pay back their respective 108 loans, this discussion may be a moot point. More research will be done.

Next meeting is August 22, 2001, at 1:00pm at the DCED office.

Meeting adjourned 4:30 pm.